

## REVENUE AND EXPENDITURES.

## SPEECH

HON. JOHN SHERMAN, OF OHIO.

Delivered in the U. S. House of Representatives, May 7, 1860.

The House resolved itself into the Committee of the Whole on the state of the Union, and resumed the consideration of the tariff bill.

Mr. SHERMAN. Mr. Chairman: The revenue act of March, 3, 1857, which it is now proposed to repeal, has proved to be a crude, ill-advised, and ill-digested measure. It was never acted upon in detail in either branch of Congress, but was the result of a committee of conference in the last days of the session, and was finally passed by a combination of hostile interests and sentiments. It was adopted at a time of inflated prices, when the Treasury was overflowing with revenue. When that condition of affairs ceased, it failed to furnish ordinary revenue, and by its incidental effects operated injuriously to nearly every branch of industry.

It went into operation on the 1st of July, 1857. At that time there was in the Treasury of the United States a balance of \$17,710,114. The amount of the public debt then remaining unpaid—none of which was then due—was a little over \$29,000,000. So that there was in the Treasury of the United States, when the tariff act of 1857 went into operation, nearly enough to have paid two-thirds of the public debt. Within one year from that time, the public debt was increased to \$44,910,777. On the 1st of July, 1859, the public debt had increased to \$58,754,699. On the 1st of May, 1860, as nearly as I can ascertain, the public debt has risen to \$65,681,099. The balance in the Treasury on the 1st of July next, as estimated by me, will be \$1,919,349.

Thus it is shown, that, under the operation of the tariff of 1857, the deficit in the revenue in three years is over \$52,000,000. It may be stated thus:

Balance in the Treasury July 1, 1857..... \$17,710,114  
Balance in the Treasury July 1, 1860, estimated..... 1,919,349

15,790,665

Amount of public debt May 1, 1860... \$65,681,199

Amount of public debt July 1, 1857... 29,060,586

36,620,813

52,411,578

It is impossible to ascertain from the report of the Secretary of the Treasury the condition of

our finances for the fiscal year ending June 30, 1860. I have prepared a statement of receipts and expenditures, based upon the actual sums received and paid for three-quarters of the year, and the Secretary's estimate for the last quarter. It is as follows:

Receipts for fiscal year ending June 30, 1860.				
	Actual receipts first quarter 1860.	Actual receipts second quarter 1860.	Actual receipts third quarter 1860.	Estimated receipts fourth quarter 1860.
Customs.....	\$15,947,670.62	\$10,785,849.93	\$14,362,783.68	\$14,251,366.39
Public funds.....	470,244.62	445,563.36	505,501.83	573,628.19
Miscellaneous.....	379,650.61	174,208.50	248,915.72	200,000.00
				58,950,445.45

  

Expenditures.				
	Actual.	Actual.	Estimated.	Total.
Expenditures, actual and estimated.....	\$14,161,226.69	\$18,187,202.70	\$16,447,214.67	\$67,802,818.52
Customs payments made within the three quarters of 1860, on account of deficiencies in the Post Office Department, not embraced in the Secretary's estimate of expenditures.....	6,800,065.53			
Expenditures, actual and estimated.....	\$20,907,174.76	\$14,161,226.69	\$16,447,214.67	\$67,802,818.52
Receipts, " "				58,950,445.45
Deficit.....				6,852,373.07

The above include payments made within

the

tens of 1860, on account of deficiencies in the Post Office

Department, not embraced in the Secretary's estimate of

expenditures.....

The total expenditures will be \$67,702,818, and the receipts from all sources will be \$58,950,445, thus showing a deficit for this fiscal year of \$8,852,373. It thus appears, that during the present fiscal year, a year of great commercial prosperity, the ordinary receipts have been insufficient to pay the expenses of the Government, by over \$8,000,000, and that too at a time when the expenses of the Government have been largely reduced below what they were but one year ago. It is very easy to see, if this system of finance is persisted in, that the debt of this Government in a few years will approach the debt of one of the European Governments. It is impossible that any Government can be properly carried on under this system of finance. Therefore the argument is perfectly clear that, unless a different state of facts exists in the future, the present tariff bill will be wholly insufficient to pay the ordinary expenses of the Government.

This deficit is not merely temporary, but it is permanent. During the present fiscal year, the importations into this country will amount to over \$412,000,000, or \$50,000,000 more than in 1857—higher than ever before. Although the importations have gone up thus, yet they have not, under the present tariff, produced sufficient revenue to pay the ordinary expenses of the Government. We must, therefore, consider one of three propositions. We must either diminish the expenditures of the Government, increase the public debt, or increase the revenue. I take it that no one in our day desires to increase the national debt. The idea that a national debt is a national blessing is an absurd one, which should never have been tolerated; and I believe that no respectable political party proposes that the Government should go on as it has for three years past, on the public credit. I do not suppose that any other Administration than the present one would tolerate the practice for three years.

Now, can we diminish the expenditures? That is the first question to which I desire to direct the attention of the Committee. I have before me a table, which has been carefully prepared, showing that the estimates of the Secretary of the Treasury for the next fiscal year, for ordinary purposes, reached \$46,278,893. Including the interest on the public debt, and the expenses of collecting the revenue, and other permanent appropriations, amounting to \$8,173,582, the total amount estimated for is \$54,452,475. But, sir, to this is to be added a vast number of appropriations asked for by the several Departments, but which the Secretary of the Treasury totally ignores. He declares that he asks but for \$54,452,475; yet other Departments of the Government estimate for other appropriations to the amount of \$9,606,250. I wish to warn my political friends, if they vote these appropriations, they will be placed precisely in the same position that they were in the Thirty-fourth Congress. They will be told that these appropriations were the extravagance of a Republican House, and were made in the face of the report of the Secretary of the Treasury, although the

appropriations were asked for by the appropriate Departments of the Government. For the purpose of showing the character of these estimates, I have prepared a statement of most of them, as follows:

Estimates of the Secretary of the Treasury for the service of the year 1861.....	\$46,278,893.56
Interest on the public debt.....	\$3,386,621.34
For expenses collecting revenue	
from imports.....	2,000,000.00
Other permanent appropriations, 2,786,961.14	
	8,173,582.48
The following estimates not embraced in those of the Secretary of the Treasury, and amounts embraced in bills now before both Houses of Congress :	
Estimates for public works in the course of construction .....	\$2,282,400.00
Completion Washington aqueduct .....	500,000.00
Public buildings and grounds.....	44,418.47
Estimate Third Auditor of the Treasury, payment of Oregon and Washington war debt....	2,714,808.55
Enlargement of public grounds..	163,250.00
Texas regiment, Senate amendment to Military Academy bill..	770,392.03
Light-house bill, reported by Committee on Commerce.....	653,000.00
Restoring mail service, in Post Office bill, 1860.....	500,000.00
Restoring mail service, in Post Office bill, 1861.....	1,530,221.00
Mail routes established in 1858 and Kansas.....	425,160.00
	9,606,250.05
Estimate of the amount required to satisfy bills before Congress :	
Interest on Pacific railroad.....	\$3,000,900.00
Private bills, &c., &c.....	1,600.0 0.00
	4,002,000.00
French spoliations.....	5,000,0.00
Amistad claim.....	50,000.00
	5,050,000.00
	73,108,726.09

Among them are estimates for continuing public buildings in the course of construction. This is mostly for the Charleston and New Orleans custom-houses, and for the Treasury extension. These appropriations are asked for; and gentlemen here, who will vote against this or any other tariff bill, yet urge the pressing necessity of these appropriations. But the Secretary of the Treasury, who should take a view of the whole field of expenditures, totally ignores them in his estimates. The Washington aqueduct, the Oregon and Washington war debt, the enlargement of the public grounds, and the Texas mounted regiment, have been, or will all be, pressed upon us, and yet neither is included in the estimates. They will be voted for by the friends of the Administration, and yet all know there are no means provided for their payment. They will create the necessity for new revenue, and then generally vote against increasing the revenue, and go before the people clamoring about new taxes and tariffs. Charged with the administration of the Government, yet they expect the Opposition to vote them supplies for all sorts of demands, to furnish them revenue against their votes, or they will pay the salaries of their officials by increasing the public debt.

As an example, take the proposed regiment of volunteers for Texas, which measure is now pressed by the representatives of Texas. The

position was voted for by every member of the other side, and perhaps by some members on this side of the House. If this be granted, then here is an addition to the expenditures of the Government of nearly \$1,000,000; and we on this side of the House, who are desirous of raising the revenue sufficient to meet the expenses of the Government, will be charged with having appropriated this large sum, not estimated for, although nearly all of us will vote against it; and those who vote for it will, in the main, oppose all measures to raise revenue to meet it. In my judgment, the best mode to meet this new system of financial tactics is to refuse all appropriations for all new objects of expenditure until some proper revenue is provided.

Mr. Chairman, there is also a light-house bill, which has been, or will be, reported, and which asks for an appropriation of \$653,000. There is a proposition for the restoration of the mail service, which everybody seems to be in favor of, and which will require over \$2,000,000. Let me call your attention to the cost of that measure. Although our constituents in all parts of the country have called upon us to increase or restore the mail service, yet I believe that the Postmaster General did right in reducing it. It is the only reform instituted by this Administration. Gentlemen upon this as well as upon the other side should remember that their mandatory restriction will increase the expenses of the Post Office Department over \$2,000,000.

In addition to these items, there is a bill pending in this House which I hope will pass, and that is the bill for the construction of a Pacific railroad, which will require \$3,000,000 a year to pay the interest upon the \$60,000,000 appropriated. In my judgment, it will cost much more. I am willing to appropriate any amount necessary to aid in building a Pacific railroad; but, in our present financial condition, it is proper and necessary that we should look to the cost. The Democratic party, in both its branches, at Charleston, recently declared that that party was in favor of the construction of a Pacific railroad. As we on this side always favored it, we certainly should, in framing a revenue law, look to this new charge upon the public Treasury. Then there are private bills pressed upon us constantly. Upon this hasty review of the demands upon the Treasury, we cannot safely estimate that the expenditures for the next fiscal year will be less than \$65,000,000, exclusive of the principal of the public debt. Can this estimate be reduced without injury to the public service?

I desire now to say that the Committee of Ways and Means, who have had charge of appropriation bills, have endeavored, faithfully and honestly, without regard to party divisions—and all parties in this House are represented in that committee—to cut down the appropriations to the lowest practicable point, and thus to reduce the expenses of the Government. I have before me a table, showing that, upon the estimates submitted to us by the Secretary of the Treasury, for the ordinary expenses of the Government, we have been able to reduce the amount about \$1,230,000. It is as follows:

*Statement of the several bills reported by the Committee of Ways and Means, First Session Thirty-sixth Congress, for the service of the year 1861, showing the estimates of the Secretary of the Treasury, with the reductions made therein, with the amounts reported by said committee.*

Estimates Secretary of Treasury, year 1861.	Amounts reported by Committee of Ways and Means.	Reduction on estimates.
\$849,000.00	\$849,000.00	\$3,500.00
183,892.00	183,392.00	11,500.00
1,918,502.38	1,907,002.38	11,500.00
1,137,120.00	1,082,120.00	55,000.00
675,000.00	605,000.00	70,000.00
14,623,603.72	13,958,126.12	665,477.60
5,995,109.97	5,870,315.53	124,794.44
3,663,395.82	3,491,214.32	171,981.50
11,244,845.63	11,182,283.63	62,562.00
6,988,424.04	5,897,221.75	1,202.29
46,278,893.56	45,048,876.73	1,230,917.83

Estimates Secretary of the Treasury.....	\$46,278,893.56
Reductions made by Committee of Ways and Means.....	1,230,017.83
Amount in bills as reported by committee.....	45,048,875.73
Add permanent appropriations, excluding interest on the public debt, amounting to.....	4,786,961.00
	49,835,836.73
Add interest on public debt.....	3,386,621.00
	53,222,457.73

If the House will take the bills as reported by the Committee of Ways and Means, instead of the estimates of the Secretary of the Treasury, they will save the Government about \$1,500,000. But I cannot say that I expect they will do so, because I have no doubt that the very items which, upon the fairest examination, we have found to be too large or unnecessary for the public service, and have therefore reduced, will be put upon the bills, either by this House or in the Senate; and, no doubt, the bills will be overloaded with Senate amendments of four or five million more, as has been the case during every Congress since I have been a member of this House. If, however, the estimates of the Committee of Ways and Means and their reductions are sanctioned, the ordinary appropriations for the Government will be reduced to \$45,048,875, aside from the public debt and the permanent appropriations. And, in my judgment, if we would devote our time to a fair investigation of the ordinary operations of the Government, we might reduce our aggregate expenses to \$50,000,000 annually; but so long as sectional controversy is the chief employment of our time,

so long as no debate is allowed here except that which involves the safety of slavery, we never can accomplish a radical reduction of the expenses of the Government.

No permanent or substantial reductions can be made without an earnest co-operation between the executive and legislative branches of the Government. We can limit appropriations, but we cannot, except by the process of impeachment, prevent the misapplication of the public money. We may appropriate for officers and clerks, but if the President or a head of Department will detail them to edit a party newspaper, or pension them for party services by appointing them to offices whose duties they never perform, we cannot prevent it. If the head of each Department shall, without fear or favor, administer his Department, applying to services rendered there precisely the same rule, as to fitness, industry, and compensation, as would be applied by any prudent private citizen in his own affairs, all the abuses we now hear so much of would soon cease.

There are several branches of expenditure which, in my judgment, Congress could by wise legislation reduce without injury to the public service; and as I do not desire to debate the several appropriation bills, I propose to state here three or four branches of expenditure where material reductions might be made. The first is the expenditures in the naval service. I was unfortunately in the minority of the committee upon the appropriations in the navy bill. I have no doubt that the amount recommended to be appropriated for the construction and repair of vessels could be decreased fully \$1,000,000 with a benefit to the public service. In the bill we have reported \$3,500,000 for the construction, repair, and equipment of vessels, in accordance with the estimates sent in by the Secretary of the Navy. I am opposed to that appropriation; and when the time comes for the consideration of that bill, I shall move an amendment to it in that respect. Last session, Congress adopted some substantial reforms, but those reforms have not been regarded in the present navy bill.

There are other reforms which ought to be made, and which can only be effected by careful legislation. One of those is in the Post Office service. The deficiency in that Department is now \$6,000,000 annually; and if you restore the postal service as it has heretofore been, and is now asked for, you will have a deficiency of \$8,500,000, and that sum has to be paid out of the public Treasury. I have no doubt that the expenses of the postal Department could be paid out of its ordinary receipts. In the State of Ohio, according to the tabular statement sent to us by the Department, the postal service costs more than the receipts; and yet there are contractors in that State—men of the highest respectability and responsibility—who are ready to engage to perform all the postal service in Ohio for one-half of the receipts. Why, sir, \$3,243,974 is paid to railroad companies for transporting the mails, and yet these very mails are usually carried in the same cars in which express companies carry private property for

one-third the expense. If this mail matter was now carried by express companies, route agents could be abolished. If the whole postal service was let out, as it should be, to private enterprise—to express companies—I have no doubt that the Post Office business would be better managed, its duties better performed, and a large amount of money saved to the Government.

As a general rule, I take it, we have in the post offices an inferior class of men—generally partisan editors, who have to be rewarded for their services, or men who distinguished themselves by devotion to their party in their several localities. They are not such men as any private company of individuals would employ to perform the same duties.

You also upon many routes require coaches to be run for the benefit of passengers, while there is no connection between that business and the carrying of mail matter for distribution among the people of the United States; \$3,134,094 is paid for coach service alone. I have no doubt, if the United States was divided into postal districts, bounded, as far as practicable, by State lines, and the business of carrying all matter over all the postal routes established by law, and its delivery at the different post offices, were let out under a judicious management of the Department, the expenditures would be decreased at least to the amount of the deficit.

There is another matter in which there should be a reform. We are appropriating a million dollars every year to pay the ordinary judicial expenses of the Government other than the salaries of judicial officers; all sorts of abuses have grown up in the disbursement of that fund. I need not speak specially of the matters connected with the offices of your district attorneys and your marshals; for all gentlemen must be conversant with the abuses connected with those places. Men are selected, summoned, and kept as jurors and witnesses, because of their political opinions, and as a reward for political service, and all sorts of constructive fees and charges are made and allowed.

But I am taking up more time with these details than I intended. If we could only manage these matters as intelligent business men manage their own, there would be an end to all these abuses. This we cannot do, because parties look to the public money as the reward of party success. If the Republican party be charged with the administration of the Government next year, as I trust it will be, it may oppose all reform; it may follow the example of the Democratic party, in parcelling out money and patronage among its partisans, without regard to the public service; but if so, it will surely lose the confidence of its supporters. The Republican party could not stand for a moment, if it was convicted, as this Administration has been, with the corrupt practices and abuses disclosed by committees of this House. The difference between the Democratic and Republican parties is, that the disclosure of corrupt absences by Democratic officials does not seem to excite censure or induce removals, while the Republican party has shown a readiness to punish such of its agents as have violated their

trust. Many of these abuses have grown out of the necessity imposed upon the sectional interest controlling the Democratic party, to preserve more strength in the Northern States; and, therefore, offices are given, spoils divided out, newspapers pensioned and edited in Northern States. These corruptions and abuses have gone so far as to bring discredit and reproach upon popular institutions. (See Note A, page 8.)

I have shown, Mr. Chairman, that we will have to raise sixty-five to seventy millions for the next fiscal year. Where is it to come from? What sources of revenue have we? First, we have the public lands. I have here a table which presents some singular facts in regard to these lands. In the year 1859, the Government disposed of 13,540,262 acres of public lands, from which it received \$1,628,187, or about a shilling an acre. What became of these lands? Why, 5,106,015 acres went to railroad companies, to form their capital stock; and that, not by the action of one party, but by all parties. I am gald that I never voted for such grants. By the natural operation of business, all these lands go into the hands of non-residents; of foreigners, who furnish railroad iron on the security of these lands. We granted, as swamp lands, 1,530,966 acres, and in bounty land warrants, 2,941,700 acres. The receipts paid into the Land Office were but \$1,628,187, while the expenses of the land offices, of clerks, registers, and receivers, land surveys, &c., amounted to \$1,310,758; so that the net proceeds of the revenue from public lands was but \$300,000.

I trust, therefore, that the idea of looking to the public lands as a source of revenue will be at once abandoned. Let us, by a wise system of pre-emption laws, or by a homestead bill, invite every man who desires to locate on Western lands to go there and make for himself a home. That is the only honest, the only noble, the only manly system of disposing of the public lands. There is no reason in the world why Western settlers should pay the Government for the lands they occupy. Their labor gave to these lands their value. They were of no value to the Government or anybody else while they lay there uncultivated. It is the labor of the hardy men of the Western States that gives to these lands all their value; and yet they have paid millions on millions for the public lands. The history of each new State, for the first ten years of its existence, has been a struggle with poverty and debt. All the new States are laden down with debts contracted in paying for the public lands, either to the Government or speculators. It is idle to look to the public lands as a source of revenue.

To show you how so distinguished a gentleman as the Secretary of the Treasury may make mistakes in these matters, I have here a table which presents this curious state of facts. Mr. Secretary Cobb estimated the receipts from public lands in 1858 at \$6,000,000. It turned out to be \$3,513,715; and the great bulk of that was paid for expenses. In 1859 he estimated the receipts from public lands at \$5,000,000. It turned out to be \$1,756,687. In 1860 he estimated them

first at \$5,000,000, and afterwards at \$2,500,000. They have and will realize less than two million. He estimates the receipts from the sales of public lands in 1861 at \$4,000,000. In my judgment, they will not reach \$500,000, because I hope this Congress will pass a pre-emption and homestead law, and that will settle the question of the public lands.

The miscellaneous items found in the estimates are merely receipts from consuls, fines, forfeitures, and matters of that kind, which amount to about \$1,000,000. The only practical source of revenue for the National Government is duties on imports, and this is ample and exclusive. No country in the world has a finer source of revenue than this. We import \$400,000,000 worth of foreign products annually. A duty of ten per cent. on that would amount to \$40,000,000. It was the boast of an English Chancellor of the Exchequer, that an income tax of a shilling in the pound would produce £10,000,000. A duty of ten per cent. on our imports would, at the present rate of importation, produce \$40,000,000; and the importation is constantly increasing. All our internal Governments—State, municipal, town, and village—are supported by direct taxation; but the National Government, which protects us all alike, looks naturally to the duties on imports for revenue. If required, we might raise a revenue from this source of \$100,000,000. If a tax of twenty-five per cent were imposed on importations, it would produce that sum. I trust such a tax will not be imposed, because it is unnecessary. But I speak of it as an ample source of income. If the Government was reduced to narrow straits, if we were engaged in war, or if anything occurred requiring a great drain on our resources, we could raise that amount of money from that source of revenue alone, without resorting to direct taxation.

There never has been, since the foundation of this Government, a time when any other source of revenue was looked to. Gentlemen talk about free trade. Sir, no project for free trade has ever been submitted to us with a hope of passage. I believe that if a project for free trade were to be carried through Congress, it would lose every member who voted for it his seat in this House. Why, sir, the people of this country would not allow the raising of \$10,000,000 by direct taxation. If you were to put upon the State of Ohio a direct tax of \$1,000,000, the people of that State might become almost as bad as the people of some of the Southern States now are—they would almost be in favor of secession. The only questions for us to consider in this connection are, how much revenue is to be raised, and how shall we levy it? I say that it is necessary for us to raise \$65,000,000. Will the present tariff furnish that amount of revenue? Every man answers "no." The Secretary of the Treasury estimates that the tariff of 1857 will yield \$60,000,000 for the next fiscal year. Why, sir, to produce a revenue of \$60,000,000 a year, under the tariff of 1857, it will require an importation of \$448,641,000. If the prophecy of the Secretary of the Treasury should turn out to be

true, it would bring about a commercial revolution. To establish or continue a tariff which would induce an importation of \$500,000,000, would be to destroy the manufactures of the country. It would limit our industrial and producing power to agriculture alone, when every one knows that diversity of pursuits is essential to the prosperity of a people.

To import the amount of \$448,000,000 annually, with a population of thirty million inhabitants, would give an importation of about \$15 per head, or \$75 per family, throughout the United States. Now, the highest rates of import we have ever had prior to the tariff of 1857 were in 1836, when it reached the amount of \$10.93 per head, and in 1857, when the importations reached \$11.82 per head; and it is a remarkable fact that the importations of these two years preceded the greatest commercial revulsions of our time. It took ten years of economy and industry to recover from the troubles of 1836. And now, Mr. Chairman, if, by the financial policy of the Secretary of the Treasury, an importation of \$15 per head is produced, what will be the effect of it? All experience teaches that no people can afford to pay, for foreign productions, \$15 per head, or \$75 per family!

Four hundred and fifty millions! When gentlemen add to this amount freight, insurance, the loss by false invoices, by forgery and perjury—and I tell them that under our present *ad valorem* system there is a great deal of both—when, in addition, you take into computation the debt due in this country to Europe, by States, cities, counties, and railroad companies, amounting to some \$500,000,000, upon which they are paying an interest of about seven per cent., you will have an amount of specie, or its equivalent, going out of the country, of something like \$550,000,000—enough to bring the country to the verge of bankruptcy. Therefore it is that I say that, if the prophecy of the Secretary of the Treasury should turn out to be true, it would prove a national misfortune, second only to his practice of living upon the public credit.

Mr. MILLSON. With the consent of the gentleman from Ohio, I desire to ask him to what he attributes the commercial disaster and revolution in England and Europe in 1857?

Mr. SHERMAN. My impression is that, to a very considerable extent, they were caused by the wars then being carried on. There were, however, many causes which I do not propose now to go into a discussion of. Our own commercial revolution occurred first, when our people were in the midst of profound peace.

Mr. Chairman, if I have succeeded in what I have desired, I have shown that the tariff of 1857 will not produce a sufficient revenue to meet the wants of the Government. Will the tariff measure now presented to us—that reported from the Committee of Ways and Means—prove sufficient for that purpose? In my judgment, it will. I do not approve all the details of that bill; but, in my opinion, if it shall become a law, it will prove the best-considered tariff that has ever been presented to the Congress of the United States. It is the result of two or three years' delibera-

tion by two committees; and, as finally agreed on, is based upon the experience of the country for the last fifty or sixty years. It changes substantially the tariff of 1857, by the substitution, as far as practicable, of specific for *ad valorem* duties; and that change is in accordance with the views and wishes of the President, though not in accordance with those of the Secretary of the Treasury. By this change, frauds upon the revenue of the Government will, in a great measure, be guarded against. Why, sir, when in Europe last summer, I heard alleged frauds upon our revenue frequently spoken of, and generally admitted. In some cases the grosses: frauds are practiced by importations by foreign firms to the same firms under other names in this country. The French returns of exportations to this country show a large excess over our own returns. Nearly every French and English house has agents here, to whom they send consignments of goods, purporting to have been sold at specified rates, upon which *ad valorem* duties are paid; but as soon as they go into the ordinary commerce of the country, the prices are very much enhanced. With specific duties equal to the average *ad valorem* rates, the revenues of the Government would be increased ten per cent. beyond those now received, simply by the suppression of fraud.

Mr. HOUSTON. If the gentleman will allow me, I desire to ask him what amount of revenue he expects will be derived from the bill now under consideration, if it should become a law?

Mr. SHERMAN. As nearly as I can ascertain, I think it will be likely to produce about \$65,000,000. I cannot, of course, tell precisely; and, since the Secretary of the Treasury did not come within \$15,000,000 or \$20,000,000, the gentleman will excuse me if I am not able to guess exactly.

Mr. HOUSTON. The gentleman from Ohio will find that the Secretary of the Treasury has come within less than \$100,000 for the first three quarters of the present year.

Mr. SHERMAN. In 1858, the Secretary of the Treasury estimated the receipts from customs would be \$60,000,000, when we realized but \$38,671.242.

Mr. HOUSTON. The gentleman did not understand me. The estimate of the Secretary of the Treasury for the last three quarters was within \$100,000 of the receipts.

Mr. SHERMAN. I will do the Secretary of the Treasury justice. In 1859, he estimated the receipts would be \$69,500,000, when they were in reality but \$48,869,879, showing a discrepancy of only \$20,000,000.

Mr. HOUSTON. That was before the revolution of 1857.

Mr. SHERMAN. No, sir; it was for 1859. For 1860, I confess that the Secretary of the Treasury has approached near the mark. For the current fiscal year he estimated the revenue would be \$56,000,000. We cannot tell what it will be, but I judge that it will reach \$54,000,000. I cannot say exactly, because the last quarter's return cannot yet be known.

From the nature of things, neither Mr. Secre-

tary Cobb, nor any other Secretary, can, under a system of *ad valorem* duties, come within millions of the actual receipts. An English Chancellor of the Exchequer would consider himself disgraced if he did not estimate within £500,000 of the revenue, because there the duties are specific, except, I believe, about £188,000, which is the extent of the *ad valorem* duties. It is the very nature of the *ad valorem* duties, that they are uncertain, and they can never be estimated by any Secretary of the Treasury, however intelligent. Therefore it is, I say, that the present bill is of great importance. It prevents fraudulent valuation. It gives our own importers a fair chance to import goods and to compete with the foreigner. Nearly all the goods imported into our country are by foreigners. The working details of this bill are an improvement on the tariff of 1857. It is more certain. It is more definite. It gives specific duties. The tariff of 1857 is made up of complex and inconvenient tables. The number of tables is too great; and in some cases the same article is in two tables. Thus flaxseed comes with a duty of ten per cent.; and yet linseed, the same thing, yielding the same product, the same oil, is admitted duty free.

This bill, on the other hand, fixes three *ad valorem* tables; one at ten per cent., one at twenty, and the other at thirty. There is a number of specific duties, and then there is the free list. It conforms to our decimal currency, and the duties under it are easily calculated. There can be but little dispute about home and foreign valuation under it. It will yield a revenue sufficient to pay the expenses of the Government. For these reasons, it is obvious it ought to receive the sanction of law.

I might rest with the reasons already assigned, but there is another reason why I desire to have this bill passed, and that is, because it is framed upon the idea that it is the duty of the Government, in imposing taxes, to do as little injury to the industry of the country as possible; that they are to be levied so as to extend a reasonable protection to all branches of American industry. Every President of the United States, from Washington to this time, has recognised that principle, including Mr. Buchanan. I admit that, as a general rule, duties operate, to a greater or less degree, as a tax upon the people; and when the duty is levied upon articles we cannot produce, the people have, directly or indirectly, to pay that tax. But, sir, in levying that tax, you may so proceed as to make it oppressive. You may make a tariff to raise the sum of \$40,000,000, and break up every industrial interest of the country. The Committee of Ways and Means report a tariff which will produce \$65,000,000, and will do no injury to any industrial interest. I believe that it will give a reasonable fair protection to the great interests of agriculture, manufacture, and commerce, which lie at the basis of the prosperity of this country.

Mr. MILLSON. The gentleman has stated that the Secretary of the Treasury has made only one good guess out of three. The Secretary's estimate was \$50,000,000, and the actual receipts were \$49,500,000.

Mr. SHERMAN. The gentleman himself falls into error. The estimate of the Secretary of the Treasury was \$69,500,000. After the fiscal year had accrued from July to December, and one quarter's receipts were known, he corrected the estimate, and made it \$50,000,000.

Mr. Chairman, there is no reason why this bill should be considered a party measure. It is not, and it should not be so considered. The present tariff, from the circumstances attending its passage, cannot fairly be charged to any party exclusively. It is based upon a state of facts that in six months passed away. At that time, March 3, 1857, most vacant lots in Iowa were worth about \$1,000 each. If a man inquired about the lot, the owner would raise the price to \$1,500, and if two men inquired about it, he would raise it to \$5,000. At that time, everything was inflated, North, South, East, and West.

In six months the bubble burst. In 1857, when the tariff law was passed, it was believed it would produce a revenue sufficient for the Government. The average duty which has been realized upon all articles, including the free list, is fourteen and four-tenths per cent., while the gentlemen who passed the act believed that the average duty would be about twenty per cent.; so that it turned out that the average duty paid did not amount to three-fourths of what was expected. The tariff has involved us in a large debt. And yet the Secretary of the Treasury, and gentlemen on the other side of the House, do not seem to be willing that a sufficient amount of money shall be raised for Government purposes by wise and well-considered legislation. It is strange that an Administration that has run the Government into debt at the rate of \$17,000,000 a year, should resist an increase of revenue, at least to the extent of meeting the expenses of the Government. It will go out on the 4th of March next, having loaded down its successor with a debt of \$50,000,000, or \$60,000,000, without passing a single law in the interest of the people; without providing revenue to meet the expenses of the Government, with a general load of discredit, almost, if not entirely, without precedent in our history.

*Public Lands--1859.*

	Acres.	Receipts.
Cash sales at minimum price...	511,477.66	\$722,477.48
Cash sales at graduated prices..	3,450,103.54	905,739.65
	3,961,581.20	1,628,187.13

Located by bounty land warrants	2,941,700.09
Swamp lands to States.....	1,530,966.76
Grant of land to States for railroad purposes.....	5,106,015.00

13,540,262.96

	Expenditures.
Secretary to sign land patents.....	\$1,500
General Land Office, salaries and contingent expenses.....	300,936.62
Offices Surveyors General, salaries and contingent expenses.....	137,105.61
District land offices, &c., salaries and other expenses.....	328,447.00
Surveys of the public lands, and preparing unfinished records of public and private surveys, to be transferred to the State authorities.....	542,769.23
	1,310,758.47

which I am sure no man can read without the greatest astonishment. *Contracts are proven to have been habitually and avowedly made to promote, not the interest of the public, but of the individual.* A physician is shown to have been appointed to be agent for the purchase of coal, who knew nothing about coal, who never did anything in the purchase of coal but signing the certificates brought to him, and who received the appointment in order to share with others the profits of the contract. More than this. We have letters addressed to the highest officers of the Government, calling on them to grant contracts to particular individuals for electioneering purposes. One letter is addressed to Mr. Buchanan himself, urging him in the strongest manner to have the contract for the machinery of a steam sloop assigned to a particular house in Philadelphia, with a view to the election. There is no disguise. It is put openly that it is of importance, in the then state of the election, that the contract should be given to this particular house. I appeal to your lordships whether, if a letter were addressed to the First Lord of the Admiralty, making a demand of that kind, and it were proved that he had listened to it for a moment, he would not by the universal indignation of all parties, in Parliament and out of it, *be driven from the councils of the State.* [Cheers.] But the letter to which I have referred bore this endorsement: "The enclosed letter from Col. Patterson, of Philadelphia, is submitted to the attention of the Secretary of the Navy.—J. B." [Laughter.] Such corruption produces its natural effects upon every interest of the country, and, above all, upon the administration of justice. Your lordships are all aware, that not many years ago the decisions of the Supreme Court of the United States were regarded with the greatest respect, not only there, but in this country. The judges were enlightened, honest, honorable men, and their *dicta* were often quoted in our own courts. How has this state of things altered! Under the system which has arisen in America, by which appointments to the Supreme Court have been used for party purposes, that court has lost its high character. It no longer commands the respect which it did formerly, and some of the decisions which have been pronounced have excited the disgust of all high-minded men in America. [Hear, hear.]

#### NOTE A.

*Extract from speech of Earl Grey, in the British House of Lords, April 19, 1860.*

Before leaving the subject of America, there is another point which I really must mention. I stated to your lordships that the President, with the most praiseworthy spirit, had written a letter to caution the country against the extreme extravagance which in modern times has prevailed; but I am sorry to say the *President is altogether unable to resist the current*, because there has been an inquiry into the state of the navy of the United States, and the result of that inquiry has been the publication of a mass of documents,

#### PRESIDENTIAL CAMPAIGN OF 1860.

REPUBLICAN EXECUTIVE CONGRESSIONAL COMMITTEE.

Hon. Preston King, N. Y., (Chairman,) J. W. Grimes, Iowa, L. F. S. Foster, Conn., on the part of the Senate; Hon. E. D. Washburne, Illinois, John Covode, Penn., (Treasurer,) E. G. Spaulding, N. Y., J. B. Alley, Mass., David Kilgore, Ind., J. L. N. Stratton, N. J., on the part of the House of Representatives.

During the Presidential Campaign, Speeches and Documents will be supplied at the following reduced prices: Eight pages, per 100, 50 cents; sixteen pages, per 100, \$1.00; twenty-four pages, per 100, \$1.50. Address either of the above Committee.

GEORGE HARRINGTON, *Secretary.*

Tariff of 1857.				
	Revenue from imports.	Imports paying duties.	Imports free of duty.	Total imports.
The imports paying duties produced in the year 1855	\$38,671,242.10*	\$202,293,575	\$80,319,273	\$282,613,150
The imports paying duties produced in the year 1859	48,869,875.21*	259,047,914	79,721,116	338,768,130
In order to produce a revenue for 1860, as estimated by the Secretary of the Treasury.....	56,000,000.00	295,328,832	117,337,025	412,865,857
It will require of.....	60,000,000.00	316,939,198	131,770,204	448,641,402
And for the year 1861.....				
Average ratio on dutiable goods under tariff of 1857, is.....				18.8 per cent.
Average rate on total importations, including free goods.....				14.4

\* Actual revenue.  
† Estimated revenue.